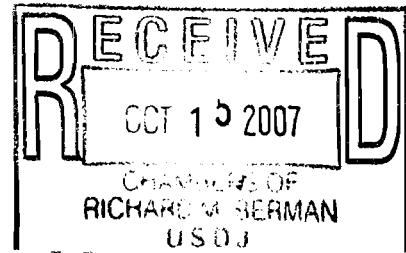


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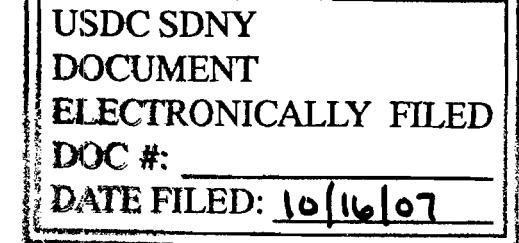
# MEMO ENDORSED

*p.2*

October 15, 2007

**VIA HAND DELIVERY**

Honorable Richard M. Berman,  
 United States District Judge  
 United States District Court for the  
 Southern District of New York  
 Daniel Patrick Moynihan United States Courthouse  
 500 Pearl Street, Room 650  
 New York, New York 10007



Re: In re Lionel L.L.C., et al. Case No. 04-17324 (BRL)

Mike's Train House, Inc. v. Lionel L.L.C., et al. No.  
 07 Civ. 7946 (RMB)

Dear Judge Berman:

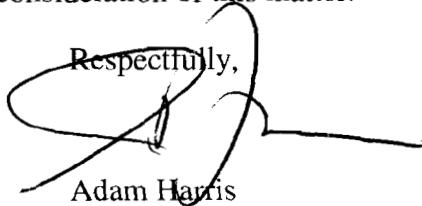
We are counsel to Lionel L.L.C. and its affiliate (collectively, "Lionel") in their Chapter 11 cases pending in the United States Bankruptcy Court for the Southern District of New York before the Honorable Burton R. Lifland. We are also representing Lionel in connection with the appeal filed by Mike's Train House, Inc. ("MTH") which is now pending before Your Honor.

Pursuant to a memorandum order entered on October 4, 2007, Your Honor extended the deadline for Lionel to file its Response brief for ten days to October 19th to allow the parties time to try to reach a settlement with the help of Judge Gorenstein. We are happy to inform you that on Friday, October 12th, the parties met with Judge Gorenstein and were able to reach a settlement, which has been memorialized in an executed agreement (the "Settlement Agreement"). The effectiveness of the Settlement Agreement is subject to the confirmation and effectiveness of Lionel's plan of reorganization. Lionel estimates that it will take several months until this process is complete. Pursuant to the Settlement Agreement, MTH will withdraw or dismiss the above-captioned appeal upon the settlement becoming effective.

Honorable Richard M. Berman  
October 4, 2007  
Page 2

As a result, while the confirmation process is pending in the bankruptcy court, MTH and Lionel hereby jointly request that the above-captioned appeal, including the time for Lionel to file its Response brief and for MTH to file its Reply, be put in suspense pending a further request from either party to reinstate the appeal or a withdrawal of the appeal by MTH.

Thank you for your prompt consideration of this matter.

Respectfully,  
  
Adam Harris

cc: Robert LaRocca, Esq. (via facsimile)  
Counsel for Mike's Train House, Inc.

